

§§ 1910.6–1910.9

general pattern of unsatisfactory or slow payment.

(3) “No history” of credit transactions by the applicant.

(4) Recent foreclosure, judgment or delinquent payment when the applicant can satisfactorily demonstrate that:

(i) The circumstances causing any of the above were of a temporary nature and were beyond the applicant’s control. Example: loss of job; delay or reduction in government benefits, or other loss of income; increased living expenses due to illness, death, etc.

(ii) The adverse action or delinquency was the result of a refusal to make full payment because of defective goods or services or as a result of some other justifiable dispute relating to the goods or services purchased or contracted for.

(5) Non-payment of a debt due to circumstances beyond the applicant’s or borrower’s control. However, non-payment of a debt due to circumstances within an applicant’s or borrower’s control may be used as an indication of unacceptable credit history, in accordance with paragraph (c)(1) of this section. The mere fact that an applicant or borrower filed bankruptcy will not be used as an indication of unacceptable credit history. The circumstances causing the nonpayment of debt, i.e., whether nonpayment was beyond the applicant’s or borrower’s control, however, are proper considerations.

(d) *Current/Past FmHA or its successor agency under Public Law 103–354 Loan History.* Current or previous delinquent FmHA or its successor agency under Public Law 103–354 loans, as determined by reviewing the Current/Past Debt Inquiry System or the Borrower Cross-Reference Inquiry System, will be used to help determine the credit history of an applicant.

(e) *Delinquency on a Federal debt.* The Department of Housing and Urban Development Credit Alert Interactive Voice Response System (CAIVRS) will

7 CFR Ch. XVIII (1–1–05 Edition)

be used to help determine if an applicant is delinquent on any Federal debt.

[53 FR 35671, Sept. 14, 1988, as amended at 55 FR 21525, May 25, 1990; 55 FR 46188, Nov. 2, 1990; 56 FR 10147, Mar. 11, 1991; 60 FR 55122, Oct. 27, 1995; 61 FR 1109, Jan. 16, 1996; 61 FR 2899, Jan. 30, 1996; 61 FR 35921, July 9, 1996; 62 FR 28618, May 27, 1997]

§§ 1910.6–1910.9 [Reserved]

§ 1910.10 Preference.

(a) *Veterans.* (1) Veteran’s preference is given to any person applying for an RH, FO, SW, or OL loan who has been honorably discharged, including clemency discharges, or released from the active forces of the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard, and who served during a period of war, as defined in 38 U.S.C. 101(12).

(2) Veteran’s preference will apply when:

(i) There is a shortage of funds.

(ii) Obligating forms are ready to be submitted to the Finance Office, and

(iii) There is more than one application having the same date.

(3) For Rural Housing applicants, veteran’s preference will be extended to the spouses and children of deceased servicemen who died in service during one of the periods listed in paragraph (a)(1) of this section.

(b) *Farm Credit Programs (FCP) loans.* In addition to the veteran’s preference, the preference set out in §1943.10 of subpart A of part 1943 of this chapter applies.

[53 FR 35671, Sept. 14, 1988, as amended at 61 FR 35922, July 9, 1996; 62 FR 9353, Mar. 3, 1997]

§ 1910.11 Special requirements.

(a) *Servicemen’s Readjustment Act of 1944.* Section 512(a)(D) of the Servicemen’s Readjustment Act of 1944, as amended, provides that an applicant for a direct housing loan from the Department of Veterans Affairs (VA) must be “unable to obtain a loan for such purposes from the Secretary of Agriculture under the Consolidated Farm and Rural Development Act, as amended, or the Housing Act of 1949, as amended.” Department of Veterans Affairs Loan Guaranty Officers may, therefore, require VA loan applicants to apply to the agency for loan assistance.